

C2C Advanced Systems Limited IPO

About Company—

- ✦ A leading player in the domain of cutting edge technologies systems for defense, security and aerospace sectors.
- ✦ Company’s success in selling and execution of “Combat Management System” (CMS) to Royal Malaysian Navy against stiff competition from most established global Platform players is a testament to the company's capabilities.
- ✦ As per company’s RHP Current systems in the Indian military will need retrofits and upgrades and C2C Advanced Systems has the ability to re-engineer and revamp such legacy systems and bring them to current needs in warfare.
- ✦ Company’s expansion strategy is to build next domain in “Digital transformation” which is based on sensors in applications such as Industry 4.0 and transportation.
- ✦ Company has built a revenue generating practice that focuses on three areas which are applicable in:

Defence Security Industry 4.0

Geographical wise Revenue—

Revenue	Sep 30, 2024	Mar 31, 2024
Domestic	7.33%	24.75%
International	92.67%	75.25%

Financials —

(Fig in Cr)

Particulars	For 6 months ended Sep 30, 2024	FY’24	FY’23	FY’22
Revenue	43.22	41.05	8.04	0.34
EBITDA	13.69	18.32	3.84	-2.08
EBITDA Margin	31.68%	44.62%	47.76%	-611.76%
PAT	9.72	12.39	2.87	-2.38
PAT Margin	22.48%	30.18%	35.69%	-700%
CFOA	-26.77	-35.27	-4.81	-4.15

Positive and Negative Points—

Positive Points

- ✦ The company is involved in advanced technology systems, catering to critical sectors like defense electronics, which is a high-growth area in India due to increasing defense budgets and indigenization efforts.
- ✦ Government Support
- ✦ Offers advanced products like Command and Control systems and anti-drone technology, which address contemporary defense needs.
- ✦ Operating in a niche market with limited competition in specialized defense technologies.The management and promoter team seem well-versed in their respective areas, which could add value to operations and business growth.

Negative Points

- ✦ Reliance on Government Contracts
- ✦ The product and market concentration might expose the company to sector-specific risks, especially if government policies or funding priorities change.
- ✦ Operating in a highly regulated sector with stringent compliance requirements could pose challenges.
- ✦ Company’s trade receivables days were 1,910 days and 4085 days for the financial years March 31, 2022, and March 31, 2023.

Peer Analysis—

Companies	Revenue	EBITDA	PAT	D/E Ratio	Mcap	P/E
C2C Advanced Systems Limited (FY 2024)	41.05 Cr	18.32 (44.62%)	12.39 (30.18%)	0.15	376	*30.35
Paras Defence and Space Technologies Ltd (TTM)	315 Cr.	72 Cr.	42 Cr.	0.15	3,937 Cr.	93.10

* If the company earns profits in the second half of the year in the same proportion as it did in the first half of FY 2025 then forward PE will be 19.34

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Conclusion —

C2C Advanced Systems Limited, specializing in defense electronics, has shown robust financial growth in revenue in PAT. Its competitive valuation, with a lower P/E ratio compared to industry peers, and alignment with government initiatives like "Make in India" strengthen its market position. However, reliance on government contracts, market risks post-IPO, and strict regulatory requirements remain key challenges. Investors should balance its growth potential with these risks.



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